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FISCAL IMPACT STATEMENT

LS 6484

BILL NUMBER: HB 1054

NOTE PREPARED: Dec 14, 2005

BILL AMENDED:

SUBJECT: Revocation of Assigned Electric Service Area.

FIRST AUTHOR: Rep. Micon

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the Utility Regulatory Commission may revoke the sole right of an electricity supplier to furnish retail electric service to a designated area if: (1) the electricity supplier furnishes service to a town; (2) a different electricity supplier furnishes service to areas adjacent to the town; and (3) a majority of electricity consumers in the town petition the Commission to determine that the electricity supplier that furnishes service to the town does not have the sole right to do so.

Effective Date: July 1, 2006.

Explanation of State Expenditures: This bill allows a town that meets certain requirements to petition the Indiana Utility Regulatory Commission (IURC) to remove itself, as a single assigned service area, from the jurisdiction of its current electricity supplier. If approved, another electricity supplier may apply to the IURC to become that area's provider. Current law allows for energy suppliers' jurisdictions to be changed only: (1) if petitioned by a municipality that has annexed an area beyond its initial boundary; (2) if requested by mutual agreement of affected electricity suppliers; or (3) upon the IURC's determination when an area is divided by two or more electricity suppliers.

The provisions in this bill could potentially increase the administrative cost and workload of the IURC. It is presumed that these provisions can be implemented within the existing level of resources available to the IURC.

IURC and OUCC Funding: The operating budgets of the IURC and the Office of Utility Consumer Council (OUCC) are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state

operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.10% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2005, fees from the utilities and fines generated approximately \$11.7 M.

Explanation of State Revenues: Indiana Utility Regulatory Commission.

Explanation of Local Expenditures:

Explanation of Local Revenues: Municipally owned electric utilities that provide retail electric service to the public are included in the definition of an electricity supplier. Such a utility could potentially be affected by this bill. The potential fiscal impact depends on whether the utility's jurisdiction increases or decreases based on the conditions provided for in this bill.

State Agencies Affected: Indiana Utility Regulatory Commission.

Local Agencies Affected: Municipally owned electric utilities.

Information Sources: IC 8-1-2.3; *Budget Revenue Trial Balance*, Indiana Auditor of State, June 30, 2005.

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